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Letter dated 2 April 2012 from the Permanent Representative of Kenya to the United Nations addressed to the President of the Economic and Social Council

I have the honour to refer to the annual ministerial review of the Economic and Social Council in 2012 on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals".

As you are aware, Kenya is one of the nine countries that will make national voluntary presentations during the annual ministerial review. I am, therefore, pleased to forward to you the national voluntary presentation of Kenya (see annex).

I take this opportunity to thank the Economic and Social Council for its support to the Government of Kenya during the preparation of the national report.

(*Signed*) Macharia **Kamau**
Ambassador
Permanent Representative

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Annex to the letter dated 2 April 2012 from the Permanent Representative of Kenya to the United Nations addressed to the President of the Economic and Social Council

Voluntary national presentation of Kenya on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals", for the annual ministerial review of the Economic and Social Council in 2012

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Summary

Kenya is located within East Africa and covers 580,728 km^2. It has a population of 38.6 million people (2009), with a life expectancy of 58.8 years. Most of the population is relatively young constituting of 67 per cent of the total adult population. It is a multiparty democracy State and elections are held every five years. The economy is robust having recorded a gross domestic product (GDP) of 4.5 per cent in 2011.

The Kenya Constitution 2010, which reflects the aspirations of Kenyans, lays a firm foundation for accelerated economic growth, development and poverty alleviation. It reaffirms the Government's commitment to employment issues, advocates for a decent work agenda and promotes fundamental rights at work. This is further complemented by the Kenya Vision 2030, which has identified a number of flagship projects to be implemented in order to increase productive capacity, employment and decent work and propel the country to middle-income status.

Many policies, programmes and projects have been undertaken in order to achieve the country's development agenda and achieve the Millennium Development Goals and other internationally agreed development goals. As in other developing countries, unemployment and underemployment continue to be Kenya's most difficult and persistent problems. It has a 12.7 per cent open unemployment rate and a 21 per cent underemployment rate. Poverty is still high, at 46 per cent. Productivity has remained relatively low, at an index of 2.38 in 2010 compared with 3.00-4.00 for newly industrialized countries. The low index is affected by a number of factors, including poor infrastructure and structural weaknesses in education and training, the absence of a culture of productivity improvement and the slow integration of science, technology and innovation into training programmes.

The Government has initiated various enabling strategies towards enhancing productivity, employment and the decent work agenda. These include strengthening the linkages between education, training and the labour market as well as promoting the productivity, measurement and management of both public and private entities. The Integrated Productivity Management Framework, developed under the Kenya National Productivity Centre that has to date developed 47 models of productivity improvement in the manufacturing and public sectors, has enhanced the competitiveness of both public and private institutions, with some private firms increasing their profits by 10 per cent and reducing wastage by up to 20 per cent. Equally, the Agricultural Sector Development Strategy will transform agriculture into a sector oriented towards commerce and innovation.

Kenya has several lessons learned and best practices to share with other countries. These include the use of devolved funds and structured, temporary policy interventions to achieve multiple benefit streams such as the impact on jobs, incomes, food security and environmental reclamation, as well as strengthening partnerships with stakeholders. The recent trends in deepening regional integration offer potential for expanding access to markets and the creation of jobs and income.

Climate change and its implications is a reality in our country requiring concerted efforts at both the national and international levels. There are many other challenges facing the country, such as those identified in Kenya Vision 2030.

Finally, there are a number of ongoing and planned areas of intervention that require financial and technical support from all partners.

I. Background on Kenya

A. Profile of Kenya

1. Kenya covers a total land area of 580,728 km^2. It is located in East Africa and borders the United Republic of Tanzania, Uganda, South Sudan, Ethiopia, Somalia and the Indian Ocean. In 2009, it had a population of 38.6 million people, with a life expectancy of 58.8 years (55.7 for males and 61.0 for females). The country also hosts many refugees from neighbouring countries. Young people constitute 67 per cent of the total adult population (see annex 2). The official language is English, while the national language is Kiswahili. Kenya is a multiparty democracy and elections are held every five years.

B. Analysis

1. Kenyan economy (2002-2011)

2. The Kenyan economy grew from 0.4 per cent in 2002 to 7.1 per cent in 2007, but declined to 1.5 per cent in 2007/08, owing to both internal and external shocks. In 2009 and 2010, it recovered to 2.8 per cent and 5.6 per cent, respectively. The high growth rate in 2010 was attributed to improved weather conditions, higher prices of the main exports and increased remittances from abroad. The high oil prices, the drought experienced in 2010 and 2011 and rising interest rates have negatively affected the levels of domestic investment, leading to a growth of 4.5 per cent in 2011. Growth prospects for the medium term look favourable. With continued global recovery and increased public investments, growth is expected to grow at a rate of 5.3 per cent in 2012.

2. Kenya Constitution 2010

3. The Kenya Constitution 2010 reflects the aspirations of Kenyans and lays a firm foundation for accelerated economic growth, development and poverty alleviation. The Constitution has introduced a two-tier structure of Government at the national and devolved county levels, and commits 15 per cent of the national budget to the counties. The Constitution reaffirms the Government's commitment to employment issues, advocates for a decent work agenda, promotes fundamental rights at work, adequate income from work, representation and the security of social protection and provides for an array of economic and social rights for the citizens.

3. Public sector reforms

4. The Government recognizes that at the heart of policymaking and service delivery is citizen satisfaction. Various measures have been initiated in order to improve public service delivery and ensure that the Government provides a suitable environment in which the private sector may thrive. Some of the reforms include redefining the purpose, mandate and core business of public sector institutions, capacity-building, performance management, public sector knowledge management and deeper engagement of stakeholders in the determination of service delivery priorities.

4. Employment in Kenya

5. The Government of Kenya has continuously articulated the need to create sufficient employment opportunities to absorb the country's growing labour force. To that end, the Government has formulated and implemented various policy interventions targeted at employment that have been integrated in all development plans and strategies, with the aim of creating productive and sustainable jobs, rapid economic growth and access to freely chosen employment that offers a high quality of life to Kenyans.

6. Despite those interventions, unemployment, underemployment and the working poor continue to be Kenya's most difficult and persistent problems. The country's employment challenge is manifested in terms of a 12.7 per cent open unemployment rate, 21 per cent underemployment and a working poor population estimated at 46 per cent of the employed. Unemployment is higher for females than for males. Most of the working poor are in the informal sector and agricultural self-employment. The employment problem is compounded by rapid population growth of 3.11 per cent (2010), a growing youth population, estimated at 67 per cent of the adult population, low and unsustained economic growth and structural rigidities.

7. Over time, the Government has reviewed its education system and oriented measures towards practical skills and self-employment. As a result, many new institutions have been established, intake in existing institutions has been expanded and lower-level colleges have been elevated to offer degree courses. The number of graduates leaving colleges and universities with various professional skills has greatly increased. The challenge, therefore, is to create enough decent jobs for Kenya's burgeoning young population while taking into account vulnerable segments of the labour force and gender balance.

8. Kenya has played a significant role in the export of labour within the East African region. This includes the export of teachers and civil servants to Rwanda and South Sudan, respectively, as part of capacity-building efforts for the two countries and the enhancement of the free movement of labour through regional cooperation.

5. Decent work agenda

9. Kenya's Decent Work Country Programme includes: the empowerment and employment of youth; the elimination of child labour, the fight against HIV and AIDS in the workplace and the expansion of social protections; and the expanding and strengthening of the principle of inclusion for the enhanced influence of tripartite partners in the national and international framework. The programme has not fully realized its expected outputs for various reasons and adequate measures are being put in place across sectors to ensure that the full potential of the programme is achieved.

6. Labour productivity

10. The growth of productivity in a nation is essential in raising the people's welfare and the country's competitiveness, in maintaining an increase in employment and in stabilizing the cost of living. Higher productivity is associated with a positive and healthy GDP, high employment, higher incomes and better living and working conditions. In Kenya, the labour productivity index has increased from 1.84 in 2001 to 2.38 in 2010 (see table 1), signifying a growth of 29 per cent. The index is, however, below the 3.00-4.00 range for newly industrialized countries.

Table 1
Labour productivity index 2001-2010

Year	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Labour productivity index	1.84	1.84	1.85	1.92	1.97	2.05	2.14	2.16	2.20	2.38
Growth (percentage)		0.1	0.5	3.4	3.0	3.7	4.3	1.3	1.7	8.2

Source: Productivity Centre of Kenya.

11. The low indices are a result of a number of factors, such as poor infrastructure and structural weaknesses in education and training, a mindset in favour of white collar jobs, the absence of a culture of productivity improvement, the slow integration of science, technology and innovation into training programmes and inadequate relevant and accurate data and information.

7. Occupational safety and health

12. The Government recognizes that a safe and healthy workplace minimizes the risk of employers and workers in encountering accidents and diseases. This is critical for enhancing enterprise and national-level productivity, as it has a positive impact on the longevity of the earnings, the quality of life and the country's socio-economic development. Towards that end, the Government is in the process of developing a national occupational safety and health policy.

8. Social protection

13. Kenya operates a number of social protection interventions, broadly categorized into State social safety nets and community and family safety nets. The coverage and magnitude of these interventions are limited to employees in the formal sector, thereby exposing the growing majority of workers and entrepreneurs in the informal sector, unpaid family workers and the unemployed to high levels of vulnerability and destitution.

14. Currently, the Government is implementing several assistance interventions targeted at some specific categories of beneficiaries. These interventions include cash transfers to orphans, vulnerable children and old persons; a hunger safety net and urban food subsidy; food distribution to an expanded school feeding programme; general emergency relief; assistance to people with severe disabilities; and health vouchers to promote safe motherhood; and assistance provided through programmes such as Kazi kwa Vijana (Work for the Youth) and Njaa Marufuku (Freedom from Hunger).

9. Gender equality

15. Gender disparities in employment opportunities are still a challenge in many sectors of the economy. Though women constitute the majority in the labour force, their participation remains low relative to that of men. Some of the main causes of this are inadequate skills and knowledge, the lack of access to productive resources and inadequate gender-responsive policies and programmes. To address this disparity, the Government has taken measures, including constitutional ones, aimed at removing barriers and promoting education and training for women in order to improve their effective participation in the labour market. Under the Kenya

Constitution 2010, women and men have the right to equal treatment, including the right to equal opportunities in political, economic, cultural and social spheres.

10. Industrial training and attachment

16. Industrial training is important in facilitating the acquisition of the knowledge, attitudes and practical skills necessary for work. It incorporates industrial attachment, which creates opportunities for trainees to improve the skills that are relevant in the labour market. Industrial training and attachment in the country are undertaken within the framework and guidelines that are independently developed and operated by the public sector, private sector and informal sector. The performance of this function is hampered by a lack of clear policy and regulation, which often leads to disharmony of training standards and requirements at all levels. Moreover, industrial attachment has not been mainstreamed in industrial training and has been characterized by weak supervision and assessment. To address these challenges, the Government has implemented several initiatives aimed at equipping trainees with skills that are relevant to the needs of industry and has promoted linkages between industry and training institutions.

11. Development of the micro and small enterprise sector

17. The micro and small enterprise sector plays a vital role in providing employment opportunities for 74 per cent of the total employed population. The sector is largely informal and faces a number of challenges, which include weak linkages with the large firms as a source of markets and technology, poor work sites, insecure land holdings, job insecurity attributed to the high failure rates of enterprises, the absence of social security and a weak framework for safety and health in the workplace. The low rate of job creation by the sector and the limited durability of the jobs is a result of the limited vertical growth of the micro and small enterprises, which inhibits them from graduating to medium and large enterprises.

18. Interventions that have been put in place in the micro and small enterprise sector to promote employment and sustainable development include the rehabilitation of work sites, securing of land parcels in various parts of the country, the marketing of goods from the sector in regional and local exhibitions, the training of operators in the sector, facilitating the formation of savings and credit cooperative societies and the provision of financial services through microfinance institutions.

12. Setting the minimum wage

19. In order to promote decent employment and equitable growth, the Government has established mechanisms for setting the minimum wage through the Wage Councils. The minimum wage rates take into account the respective economic sector and region. In addition, the Government has established mechanisms for promoting collective bargaining at the industry level in order to cushion workers against high rates of inflation and the escalating prices of commodities. The establishment of the Salaries and Remuneration Commission, as enshrined in the Constitution, will address the various challenges of wage determination and harmonization within the public sector. The Government is also in the process of formulating a wages and income policy to provide a framework and necessary guidance on wage levels in the country that will enhance equitable growth.

II. Review of policies and strategies

A. Policies

20. The Government of Kenya has put in place several policies to guide its development agenda and also to help it to achieve the Millennium Development Goals and other internationally agreed development goals, as detailed below.

1. Kenya Vision 2030

21. Kenya aspires to become a globally competitive country offering a high quality of life to all its citizens by the year 2030. The social, economic and political pillars of the Kenya Vision 2030 are anchored on the existence of a skilled, productive, competitive and adaptive human resource base that can meet the challenges of a rapidly industrializing economy. Since its launch in 2008, a number of achievements have been made across sectors, which have contributed to increased productive capacity, employment and decent work and will propel the country to middle-income status. Flagship projects have been identified and implemented across sectors.

2. National wage guidelines

22. The Government has developed national wage guidelines to promote sustainable industrial harmony between employers and employees. Already 5 sectoral wage councils out of 17 are operational. The Government has established an Industrial Court to arbitrate and register collective bargaining agreements negotiated between employers and workers' representatives in order to improve the terms and conditions of employment and cushion them against inflation. The Kenya Constitution 2010 has elevated this court to the status of a high court.

3. Policy on micro, small and medium enterprises

23. The policy on micro, small and medium enterprises has been developed to guide growth and development within the sector while addressing the challenges of creating decent employment. This is in recognition of the role that the sector plays in creating employment opportunities, especially for youth and other disadvantaged groups in Kenya.

4. National occupational safety and health policy

24. The national occupational safety and health policy that is under preparation seeks to provide a framework within which occupational safety and health issues will be integrated into management systems in both private and public sectors of the country. This is in recognition that a safe and healthy workplace minimizes the risk of employers and workers in encountering accidents and diseases. It is critical for enhancing enterprise and national-level productivity as it has a positive impact on the longevity of the earnings, quality of life and the socio-economic development of the country.

5. Industrial training and attachment policy

25. The policy aims to promote and enhance industrial attachment and apprenticeship systems to enable trainees to acquire the practical skills necessary for

the world of work. The policy specifically targets the setting up and streamlining of linkages between training institutions and industry and will seek to address the challenges of the two parties in providing industrial attachment opportunities for trainees.

6. National social protection policy

26. Kenya is a signatory to the Universal Declaration of Human Rights (1948), which recognizes social protection as a fundamental human right for all citizens of the world. Indeed, Kenya has ratified this Declaration and has embraced it in the Constitution of Kenya 2010. The State commits itself to provide appropriate social security to persons who are unable to support themselves and their dependants. This is to ensure that all Kenyans live in dignity and are given opportunity to exploit their capability for socio-economic development.

27. Towards that end, a national social protection policy is being developed to provide sustainable mechanisms for the protection of persons living in situations of extreme poverty and vulnerability. The proposed policy sets out the framework for coordination, planning and implementation of effective and efficient social protection strategies.

B. Enabling strategies

28. To complement the respective policies, the Government has put in place a number of strategies towards enhancing productivity, employment and decent work.

1. Strengthening the linkages between education, training and industry

29. One of the major challenges facing the Government is the lack of a skills inventory that would indicate the distribution of skills and industry trends necessary for planning the country's future training programmes. Towards that end, the Government, in collaboration with development partners and key stakeholders, are undertaking a national manpower survey. This will assist in establishing baseline information that will inform manpower planning in the country, facilitate the establishment of a skills inventory, a labour-market information system and an integrated human resources development strategy.

2. Productivity promotion, measurement and management

30. In order to promote higher productivity and raise competitiveness, Kenya established the National Productivity Centre in 2002, the mandate of which is to promote productivity practices in both public and private sector institutions, respectively, for enhanced competitiveness. The Centre has initiated an integrated productivity management framework comprising productivity improvement, measurement and promotion. The Centre has managed to develop 47 models of productivity improvement in the manufacturing and public sectors, respectively.

31. As a result of the above-mentioned initiative, the profitability of firms has gone up at an average rate of 10 per cent, attributed directly to productivity, wastage has been reduced by up to 20 per cent and employment levels have increased up to 50 per cent. The promotion of productivity has resulted in the development of

400 productivity technical service providers, whose roles include developing and running national campaigns in their respective sectors.

32. Using aggregated data, the National Productivity Centre has been able to develop the indices to facilitate productivity-based wage determination and compensation. As a benchmarking tool, a community of practice modalities is being worked out.

Box 1
Case study of a firm applying the integrated productivity management framework

A limited company located in Nairobi's industrial area, which was established 27 years ago to manufacture steel and steel products, whose products are sold locally and exported in East Africa, participated in a productivity improvement programme offered by the Centre in 2009. The company was faced with the challenge of operations running below installed machine capacity. The company had an output of (on average) 89 tons of steel processed in one line against an installed capacity of 120 tons per day. It also had frequent machine breakdowns, high defect rates and low uploading rates of mill rolls. The application of productivity improvement tools and techniques on the line yielded remarkable results within six months. Production levels increased to the actual installed capacity of 120 tons per day. A 25 per cent reduction in machine breakdowns led to a 32.5 per cent increase in machine utilization, a rise in productive time utilization among workers to 20 per cent thus achieving target output in six days rather than the previous seven days. Workers were consequently given one paid rest day, thereby raising their morale. The machine changeover was reduced to 24 hours from 36 hours, leading to increased productive time. The net effects on the company's costs are as follows:

- One rest day for machines and employees, with 50 per cent savings on energy costs
- 89 tons of output previously achieved in 24 hours is now increased to 120 tons, but achieved in less time, i.e., 22.5 hours. One and a half hours released for rest and clean-up each day — 31 extra tons is achieved with the same resources
- The overall monthly turnover increased by on average 20 million per month, with increased profitability of 30 per cent per month

Increased profitability means the expansion of the facilities leading to expanded employment opportunities within the firm.

3. Entrepreneurship for employment creation

33. The micro and small enterprise sector continues to play a critical role in employment creation in Kenya. To give the sector the required impetus, the Government will fast-track the implementation of a policy paper of 2005 on

development of micro and small enterprises for wealth and employment creation for poverty reduction, formulate and enact a Micro and Small Enterprises Act to support the necessary legal framework and establish a national council for small enterprises. The mandate of the council will be to coordinate the necessary national interventions, monitor programme implementation, mobilize resources and advise the Government and stakeholders accordingly. Other strategies include capacity-building, developing and implementing entrepreneurship programmes, expanding the marketing frontiers for products from micro and small enterprises and developing and upgrading the micro and small enterprises infrastructure.

4. Mitigating HIV and AIDS in the workplace

34. HIV/AIDS is one of the contributors to low productivity and high labour costs in Kenya. The spread of HIV/AIDS is increasingly having an adverse impact on the operations and competitiveness of many organizations.

35. Employees and households are also affected, thus raising the issue of safeguarding workers against stigmatization. Strategies have been put in place to ensure non-discrimination against persons living with HIV/AIDS. Voluntary HIV counselling and testing centres are strategically located for ease of access and Government facilities offer free management of HIV/AIDS cases.

5. Gender equity

36. To enhance gender equity in access to social, economic and political opportunities in the country, the Government has mainstreamed gender issues in its policies and plans. In addition, targeted programmes and projects have been developed, along with campaigns to eliminate retrogressive cultural practices, such as female genital mutilation and early marriage. Other measures being undertaken include providing mechanisms to manage the transition from school to work, career guidance, industrial attachment, mentoring and coaching, making the school environment friendlier to the girl child and business counselling advisory services. The Government has also institutionalized its commitment to addressing gender inequalities by creating a national commission on gender and development.

6. Agricultural sector strategies

37. Improving productivity and increasing the incomes of farmers are key to achieving food security and improved nutritional status, especially for women and youth. Development in the sector is coordinated through the Agricultural Sector Development Strategy (2010-2020), the goal of which is to transform the country's agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction, improved food security and equity in rural and urban Kenya. Achievements of the Strategy include completion of the National Agricultural Research System policy, the framework for policy implementation and its investment plan; extension delivery models that are awaiting piloting in selected districts and the strengthening of private sector organizations initiated for 10 associations.

C. Financing mechanisms

38. The following are some of the Government initiatives to mobilize funds to address equitable development and poverty reduction programmes.

1. Enterprise funds

39. Deliberate actions have been undertaken to provide Kenyans with equal opportunities so that every Kenyan has an equal chance to realize his or her potential in life. To that end, the Government has created the Youth Enterprise Development Fund and Women Enterprise Fund to provide investment funds at low interest rates to young people and women, respectively. Both funds support individuals or groups.

Box 2
Youth Enterprise Development Fund

The Youth Enterprise Development Fund was conceived in June 2006 by the Government as a strategic move towards arresting youth unemployment. At that time, the Government committed KSh 1 billion ($12.5 million) to the Fund and to date has contributed KSh 3.3 billion ($41 million). The objective of the Fund is to provide young people with access to credit and skills to enable them to creatively engage in economically viable activities. The Fund has so far advanced loans worth KSh 5.2 billion ($65 million) to 144,000 youth enterprises. It has further trained over 200,000 young people in entrepreneurship and assisted 1,800 enterprises market their goods and services. A further 6,000 young people have been helped to get employment abroad.

Box 3
Women Enterprise Fund

The Women Enterprise Fund was established in August 2007 to provide accessible and affordable credit to support the start-up and expansion of women-owned enterprises. It also aims to provide services such as capacity-building, marketing, the promotion of linkages and infrastructure support. The Fund was awarded the Millennium Development Goals Award for outstanding achievement in promoting gender equality and women's empowerment in 2011. Over 340,000 women have been supported by the Fund to grow their businesses.

2. Devolved funds

40. The Government has established several devolved funds to implement projects identified at the grass-roots level. These include the Constituency Development Fund, the Road Maintenance Levy Fund, the Education Bursary Fund, the Vulnerable Children Fund and the Local Authorities Transfer Fund. These funds

promote equity and community participation in development. The Kenya Constitution 2010 has further strengthened devolution of resources by setting a fixed proportion of development resources to be allocated to each of the created devolved governance units (counties) as well as establishing an equalization fund to provide more new resources to marginalized areas.

Box 4
Constituency Development Fund

The Constituency Development Fund was established by an act of Parliament in 2003, which ensures that 3.5 per cent of Government annual revenue is channelled directly to the constituency level to support identified and prioritized community development projects. The Fund is managed under the guidance of the Constituency Development Fund Act through four committees. Three quarters of the national Constituency Development Fund allocation is divided equally among all constituencies, while a quarter of the total is then divided based on population and level of poverty.

3. Public-private partnerships in Kenya

41. In its long-term development plan (Kenya Vision 2030), the Government has identified ambitious development programmes and projects that require massive financial outlays to implement. To successfully implement these projects, the Government has identified joint ventures with the private sector. A bill to guide the implementation and safeguard the interests of the parties involved has been developed and a unit has been created within the Ministry of Finance to backstop the process. Regular meetings with the Government have further enhanced the partnership with the private sector; these include the biannual President's Luncheon and the quarterly meetings of the Prime Minister's Round Table.

4. Mobilization of external resources

42. A number of mechanisms that are consistent with the Paris Declaration on Aid Effectiveness have been used by the Government to support the implementation of the development programme, such as basket funding, technical assistance, programme funding, budget support, aid for trade and direct funding, among others. Kenya prepared the Kenya Joint Assistance Strategy in 2007 and updated it in 2010 to take into account the Accra Agenda for Action and to align it to the Government's long-term development strategy. The Mutual Accountability Framework within the Strategy, which has specific indicators for monitoring and evaluation, has supported the coordination of donor-assisted programmes. Kenya has also participated in the Development Cooperation Forum 2011 Survey on Mutual Accountability, the results of which formed part of the agenda for the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in December 2011.

43. In 2010, Kenya applied to the United Nations Development Programme Administrator to be considered as a self-starter in the "Delivering as one" initiative. To improve on the harmonization of United Nations procedures and in the spirit of "Delivering as one", the Government and the United Nations system in Kenya are

currently discussing ways of implementing joint reporting of direct expenditures by United Nations system agencies for various programmes/projects with the objective of improving the harmonization of United Nations procedures and programmes at the country level. Currently, two joint programmes are being implemented under the initiative, namely, the Joint Programme on HIV/AIDS and the Joint Programme on Gender Equality and Women's Empowerment. Joint programmes have the dual benefit of reducing transaction costs to the Government and reducing aid fragmentation.

44. Kenya is in the process of developing an external resources policy that will provide a framework for mobilizing and utilizing external resources.

III. Progress on Millennium Development Goals 1 and 3

45. Kenya reaffirms its commitment to the achievement of the Millennium Development Goals and has therefore aligned its development policies to the attainment of these Goals. Currently, the Millennium Development Goals are key criteria for resource allocation. Despite these efforts, there remain some challenges to the achievement of Goals 1 and 3.

A. Millennium Development Goal 1: Eradicate extreme poverty and hunger

46. Targets 1B and 1C of Millennium Development Goal 1 are aimed at achieving full and productive employment and decent work for all and reducing by half the proportion of people who suffer from hunger, respectively. Progress regarding target 1B shows that the number of unemployed Kenyans has continued to increase despite improved economic performance.

47. The Government has put in place various interventions aimed at eradicating extreme poverty and hunger. These include increasing agricultural productivity through revamping the development and application of improved technologies, reviving the extension services and purchasing and storage of the strategic grain reserve, among others. These efforts have led to a reduction of the population below the poverty line to 46 per cent (2009), from 56 per cent in 2000; increased food consumption per capita by about 10 per cent between 2001 and 2006; and reduced hunger by about 12.5 per cent between 1992 and 2007. A number of challenges still exist, namely, the high unemployment rate among youth; the low level of application of modern technology; inadequate markets; limited access to affordable credit; environmental degradation and poor infrastructure.

B. Millennium Development Goal 3: Promote gender equality and empower women

48. The target for this Goal is to eliminate gender disparity at all levels by 2015. In Kenya, there exist gender gaps with regard to accessibility to and control of resources, economic opportunities, power and political voice. On average, the labour force participation rates of males in the modern sector have remained higher than those of females.

49. In education, Kenya has achieved gender parity in primary school enrolment. However, the transition rates for girls to secondary education and other tertiary institutions are lower than those of boys. Total enrolment in public technical, industrial, vocational and entrepreneurship training institutions increased from 70,512 in 2006 to 89,506 in 2009, with female enrolment constituting about 48 per cent. Total enrolment in both public and private universities shows a slight increase in female enrolment over the years, although female enrolment lags behind. Between 2006 and 2010, enrolment in universities increased from 92,316 to 159,742, comprising 100,087 males and 59,655 females. This slight increase in enrolment was attributable to the Government's affirmative action policy of pegging the university admissions cut-off points for females at two points lower than those for males.

50. In terms of employment, Government policy requires that 30 per cent of all positions of employment and promotions be reserved for women. Women's participation in leadership and at the decision-making levels has increased from 28.4 per cent in 2003 to 39.1 per cent in 2011. In political participation, women make up 9.9 per cent of all parliamentarians, compared with the global average of 18.3 per cent. Factors that undermine the achievement of gender equality include cultural and traditional practices and beliefs and limited access to productive resources and credit facilities.

IV. Lessons learned, best practice, challenges and opportunities

A. Lessons learned

51. Of the many lessons learned, a few are listed below:

(a) It is clear that directed policy interventions bring about desired changes. Properly targeted policies and programmes, such as the Agricu' re Sector Development Strategy, are capable of promoting employment creation, food security and the reclamation of degraded environmental resources, but long-term planning is necessary for sustainability;

(b) The disconnect between policy and programme implementation as well as policy fragmentations may lead to mixed results. Efforts should therefore be made to harmonize related policies and provide a direct linkage between policy and targeted change;

(c) Devolved/decentralized funds provide an avenue for addressing poverty problems at the grass-roots level. In order to intensify the impact from these funds, there is a need for collaborative efforts among stakeholders at the devolved levels;

(d) Targeted programmes and projects often require more resources than can be provided by the Government and call for alternative sources of funding such public-private partnerships.

B. Best practice

52. The Kenya Constitution 2010 ushered in new ways of addressing national challenges. It provides a structured avenue for discussing the national agenda, including socio-economic and governance issues.

53. The strengthening of labour market institutions leads to increased productivity and a decent work environment. Such institutions play an important role in addressing labour issues.

54. The Government has adopted performance-based management in service delivery. This has enhanced service delivery in the public sector.

55. The introduction of mobile phone money transfer services has positively transformed the financial sector in Kenya. The m-Pesa money transfer service has become a preferred mode of banking and money transfer, especially within the informal sector, since it is fast and easy to operate.

C. Challenges

56. The impacts of climate change pose a significant challenge to the sustainable development of Kenya. Instances of severe drought, flooding and unpredictable weather patterns have become frequent occurrences, causing food insecurity and reduced productivity.

57. The country faces inadequate human and financial capacity in some sectors, which undermines labour productivity and has a negative impact on promoting employment and the decent work agenda. At the same time, uncoordinated and fragmented policies, inadequate capacity for monitoring quality and standards and a lack of regular surveys to inform skills development are other challenges facing the country.

D. Opportunities

58. Kenya has initiated the development of an action plan to implement the National Climate Change Response Strategy. It is a signatory to the Kyoto Protocol to the United Nations Framework Convention on Climate Change. This will help to attract investment to the country, especially in mitigation and adaptation projects.

59. Under Kenya Vision 2030, a total of 120 flagship projects have been identified for implementation. When implemented, these flagship projects will contribute to the achievement of the desired economic annual growth rate of 10 per cent. Some of these projects will be implemented under the public-private partnership framework. That arrangement will provide opportunities for investment and the attendant benefits.

60. Kenya is a member of the East African Community Common Market, which allows free movement of goods, labour, services and capital as well as the right to establishment and to residence. This provides an opportunity in terms of increased free movement of workers within the region, especially those that are well trained and highly skilled.

V. Further implementation

A. Climate change response

61. Kenya is currently preparing a national climate change action plan that will inform aspects of mainstreaming climate change into national planning and budgeting. The plan will require about $3 billion over a span of 3 to 20 years to implement.

B. Development of labour market policies

62. A sessional paper on youth labour export that will guide labour migration for youth seeking employment outside the country, a diaspora policy and a labour migration policy that seek to mainstream diaspora involvement in the development agenda and provide framework for movement of labour are in the process of development.

C. Social protection

63. The Government will enhance assistance and interventions targeting vulnerable groups with a view to reaching more beneficiaries.

D. Development of special economic zones

64. A policy on special economic zones has been developed and a bill to guide the implementation is in Parliament awaiting discussion. The zones will contribute significantly to faster economic growth and create higher-value technology-based industries, attracting both local and foreign investment. This will expand productive capacity, create new employment and facilitate the decent work agenda. The zones will include business parks, industrial parks, science and technology parks and other special facilities. The proposed Konza City and the Lamu Port are some of the major investment projects under the special economic zones.

VI. Conclusion

65. The Government is fully committed to the realization of the Millennium Development Goals and other internationally agreed development goals. The Kenya Vision 2030 has identified numerous development projects aimed at realizing sustained, equitable and inclusive economic growth. This ambitious long-term development plan is buttressed by the Kenya Constitution 2010, which provides for economic and social rights to the citizenry. The journey to achieve these development goals will, however, require the support and cooperation of all stakeholders, especially development partners.

Annex 1

Selected country macroeconomic indicators, 2003-2010

Indicator	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Population (millions)	33.20	34.20	35.10	36.10	37.20	38.30	38.60	39.80
Population growth (percentage)	3.11	2.54	2.50	2.85	3.05	2.96	0.78	3.11
GDP, current prices (millions of United States dollars)	14 987	16 249	19 133	22 779	27 022	30 108	29 334	32 171
Real GDP growth (percentage)	2.90	5.10	5.91	6.33	6.99	1.53	2.64	5.55
Per capita income current prices (United States dollars)	397.8	405.5	560.8	622.7	726	724.9	746.8	833.4
Annual average inflation (percentage)	9.81	11.79	9.87	6.39	4.27	16.27	9.24	3.96
Balance of payments (overall) (millions of United States dollars)	365	117	306	675	854	(496)	780.53	163.40
Exchange rate Kenya shilling/United States dollars (average)	75.93	79.28	75.55	72.10	67.32	69.18	77.35	79.23

Source: Central Bank of Kenya and Kenya National Bureau of Statistics.

Annex 2

Population by 5-year age groups and sex: a young population

(Thousands)

Age	*0-4*	*5-9*	*10-14*	*15-19*	*20-24*	*25-29*	*30-34*	*35-39*
Total	5 939	5 598	5 035	4 169	3 775	3 201	2 520	2 008
Male	3 000	2 833	2 565	2 124	1 754	1 529	1 257	1 004
Female	2 939	2 765	2 470	2 046	2 020	1 672	1 262	1 004

Age	*40-44*	*45-49*	*50-54*	*55-59*	*60-64*	*65-69*	*70-74*	*75+*
Total	1 476	1 273	956	712	594	391	339	632
Male	744	635	478	359	295	183	160	270
Female	733	647	478	352	299	208	179	352

Source: Kenya National Bureau of Statistics 2009.

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Note verbale dated 5 April 2012 from the Permanent Mission of Ecuador to the United Nations addressed to the President of the Economic and Social Council

The Permanent Mission of Ecuador to the United Nations presents its compliments to the President of the Economic and Social Council and has the honour to transmit herewith the national report of Ecuador entitled "Decent work for living well in Ecuador" (see annex).

The aforementioned national report will serve as a basis for the national voluntary presentation that Ecuador will make during the annual ministerial review at the high-level segment of the 2012 substantive session of the Economic and Social Council on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals".

In that regard, the Permanent Mission of Ecuador to the United Nations would be very grateful if the present note verbale and its annex could be circulated as a document of the Council, under item 2 (c) of the provisional agenda.

* E/2012/100.

12-29573 (E) 040512 210512

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Annex to the note verbale dated 5 April 2012 from the Permanent Mission of Ecuador to the United Nations addressed to the President of the Economic and Social Council

National report for the national voluntary presentation of Ecuador to the United Nations Economic and Social Council

Decent work for living well in Ecuador

Summary

The Constitution of the Republic of Ecuador, adopted by referendum in 2008, establishes a new covenant of coexistence which orients development towards the realization of the concept of "*buen vivir*", living well, and defines Ecuador, in its article 1, as a constitutional State under law and justice. A new vision of the economic system is established. The constitutional principle notes the transition from a social market economy towards a social and economic system of solidarity, where the human being is recognized as the subject and purpose, whose objective is to guarantee the production and reproduction of the material and other conditions that allow all to live well. Thus, employment is viewed as going beyond strictly economic concerns.

The duty of the State is to guarantee not just access to employment, but a job that guarantees a decent life for workers, provides them with fair wages in a healthy environment, grants them all job benefits, and which furthermore guarantees them time for family life and leisure activities.

The national vision of work transcends jobs and the dynamics of the labour market. Work is conceived as an element of personal fulfilment. The Constitution of Ecuador gives equal recognition to the various forms of work, in a dependent relationship, independent activity, for purposes of self-support, the work of reproduction and personal care, and voluntary, community, social and solidarity work.

Notable progress in the right to work has been made in recent years. Unemployment remained at a level of 5 per cent among the economically active population up to 2010, dropping to 4.2 per cent in 2011.

Underemployment has dropped from 59.8 per cent in 2007 to 54.7 per cent in 2011; it has fallen by 6 per cent among youth (16 to 29 years old). Social security coverage has also increased, as well as the guarantee of decent wages. Between 2007 and 2011, the percentage of persons with public health insurance rose by about 9 points.

Mechanisms related to the guarantee of labour rights have been established. The criminalization of failure by employers to meet obligations towards their workers was submitted to the people for a vote. Incentives to promote new job markets and wage increases have been put into effect. Outsourcing has been eliminated by a constitutional mandate. All this progress in access to jobs and decent work can thus be seen in a reduction in poverty levels and promotion of equitable economic growth in Ecuador.

The national report discusses national achievements in employment and, accordingly, improvements in the standard of living of Ecuadorians, thus contributing to the achievement of the Millennium Development Goals, with particular emphasis on Goal 1: Eradicate extreme poverty and hunger.

Introduction

1. The adoption of the new Constitution of Ecuador in 2008 involved a change in the paradigm for the way the economic system was conceived. Constitutional principles signalled a transition from a social market economy to an economic and social system of solidarity, where the human being is recognized as the subject and purpose, with the objective of guaranteeing the production and reproduction of material and other conditions leading to living well for all.

2. In this new human-centred vision, living well is the focal point of the constitutional mandate and the vision on which the country's strategic planning rests, as expressed in the National Development Plan.

3. Work thus constitutes an element that transcends access to employment. Work is recognized as a social right and an element of personal fulfilment, both in the area of production of goods and services for the market, and in reproduction and personal care work, in collective and community work and in the full recognition of the various ways in which production can be organized.

4. The National Plan for Living Well, the title adopted by the National Development Plan for 2009-2013, breaks down constitutional orientations and principles into 12 national goals, with a system to realize and evaluate public policy for each. The national goal directly related to the theme of employment refers to the guarantee of stable, just and decent work in all its forms.

5. The present report will consider the programme outlines for public policy on employment, progress related to employment and the challenges Ecuador is facing.

Employment and labour rights under the international commitments undertaken by Ecuador

6. The Constitution states that the exercise of rights shall be governed by the Constitution, international human rights instruments and all others arising from the dignity of persons, communities, peoples and nationalities, as necessary for their full development.

7. Ecuador is signatory to international commitments that endorse national efforts to guarantee the right to decent work. The signature and ratification of such fundamental documents as the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights indicates its desire to implement the legislative, political and judicial measures necessary to meet the requirements and obligations acquired through international instruments, thereby guaranteeing total fulfilment of the commitments made by the international community regarding the right to work.

8. Ecuador has also signed international agreements to combat forms of forced labour, exploitation of workers and trafficking in persons that affect such priority groups as boys, girls, adolescents, youth, peasants, indigenous peoples, people of African descent and migrants. The list of labour agreements to which Ecuador is signatory is found in the annex to this report.

Employment in the Constitution and the National Plan for Living Well: programme outlines

9. Access to employment promotes social inclusion, an element that helps to reduce poverty levels and break the vicious circle of reproducing poverty from one generation to the next. The Constitution of Ecuador guarantees the right to work and recognizes it as an economic policy objective, along with valuing various forms of work, including self-sustenance and human care.

10. Constitutional provisions regarding work incorporate all the precepts enshrined in international commitments. The plan for achieving them and making them concrete in public policy through the National Plan for Living Well is broader, however, encompassing innovative elements in harmony with the national vision for living well.

11. The National Plan for Living Well, an instrument that connects Constitutional principles with public policy, declares as a national objective the guarantee of a stable, just and decent job in various forms. The Plan constitutes a programme nexus for public policy and provides a platform for follow-up on progress in that area from the various aspects of the subject in State policy, for instance, monitoring of progress in access to and quality of employment, inclusion in the labour market, guarantees of labour rights, etc., with established policies and targets, which in the case of the National Plan for Living Well have been set for 2013.

National Objective 1: to promote equality, cohesion and social and territorial integration with diversity.

Policy:

- Promote social and economic inclusion with a gender, intercultural and intergenerational perspective in order to create equitable conditions.

National Objective 6: to guarantee stable, just and decent work in all its various forms.

Policies:

- Value all forms of work, create decent working conditions and ensure the fulfilment of labour rights.
- Promote the recognition of independent work, human care, family care and self-consumption, as well as the total transformation of the conditions for those forms of work.
- Foster associations as a basis to improve working conditions and create new jobs.
- Promote the payment of fair wages without any discrimination, proposing a reduction in the gap between the cost of the basket of basic products and the base salary.
- Promote economic activity that preserves jobs and fosters the creation of new markets and a progressive reduction in underemployment and unemployment.
- Promote working conditions that are safe, healthy, inclusive, non-discriminatory and environmentally friendly.

- Promote job skills and training processes.
- Create the conditions for migrants returning to Ecuador to be reintegrated into the job market and production and protect the mobility of workers.

12. The employment guarantees and economic rights incorporated into the Constitution and expressed in the National Plan for Living Well are also supported in national laws.[1]

13. In addition, democratization of the means of production, redistribution of wealth and diversification of forms of ownership and organization have been established as the strategy for the period 2009-2013, along the following lines:

- The creation of productive employment and the recognition of the social and ethical value of work, sharing of knowledge and access to information markets.
- Support for access to various forms of private, public and community ownership that serve the basic social function of guaranteeing food sovereignty, redistribution of wealth and job creation.

14. The obligations established by the State in the Constitution, as expressed in the outlines of public policy under the National Plan for Living Well and acquired in international instruments, take the form of policies, programmes and projects listed under sectoral agendas and zone agendas.

15. The agendas relevant to employment — the Productive Transformation Agenda, the Social Agenda and the Economic Policy for Living Well Agenda — are the responsibility of the Council on Production, Employment and Competitiveness, the Social Development Council and the Economic Policy Council, respectively.

16. Employment policy is a cross-cutting element of the Productive Transformation Agenda. The national production agenda assumes good jobs as one of its pillars since the transformation of the production matrix also involves building relationships between capital and labour that take all constitutional provisions into account, as an element that promotes human development and establishes the material foundation for development of a decent life that expands personal and social opportunities.

17. The Social Agenda includes as a policy the development and promotion of an economy of solidarity with the people, in order to support this sector as the foundation of internal development and creation of good jobs.

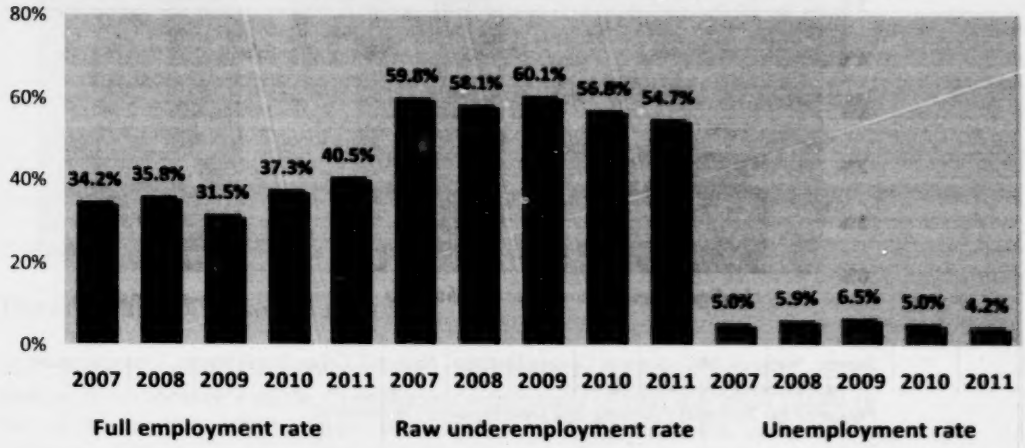
[1] For example, the Labour Code, the Children's Code, the Act on the Organization of the Civil Service (in effect since 6 October 2010); Constituent Mandate No. 8, which prohibits outsourcing, labour brokerage and hourly job contracting (in effect since May 2008); the Production, Trade and Investment Code, among others.

Progress in the citizen revolution in decent work and valuing work in all its many forms

Labour market

18. Major progress has been made over the past five years in access to employment. Full employment increased between 2007 and 2011 from 34.2 per cent to 40.5 per cent, while underemployment dropped from 59.8 per cent in 2007 to 54.7 per cent in 2011. Unemployment managed to remain at 5 per cent among the economically active population between 2007 and 2010. In 2011 it fell to 4.2 per cent, with a notable recovery beginning in 2009, when in the context of the international crisis, the unemployment rate had reached 6.5 per cent.

Figure I
Full employment, underemployment and unemployment 2007-2011



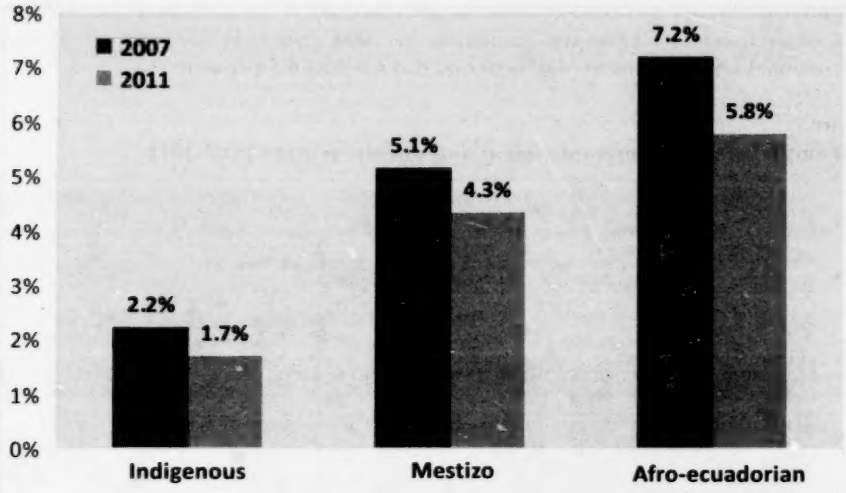
Source: National Statistics and Census Institute, National Urban Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

19. The rate of underemployment among the youth population (16 to 29 years of age) has declined by 6 per cent.

20. One of the programmes that has contributed to the entry of youth into the workforce is the "My First Job" programme, which includes internships to allow university graduates to enter public and private companies, where they acquire experience while they improve their employment prospects for the future, in accordance with the constitutional principle that youth are strategic agents in the country's development and the mandate to foster their entry into the workforce under fair and decent conditions emphasizing training, guaranteed access to the first job and promotion of their entrepreneurial skills.

21. With respect to employment indicators according to ethnic self-identification among the population, progress can also be seen. For the indigenous population, unemployment has been reduced from 2.2 per cent to 1.7 per cent between 2007 and 2011; among the Afro-Ecuadorian population, unemployment fell from 7.2 per cent to 5.8 per cent; among the mestizo population it fell from 5.1 per cent to 4.3 per cent.

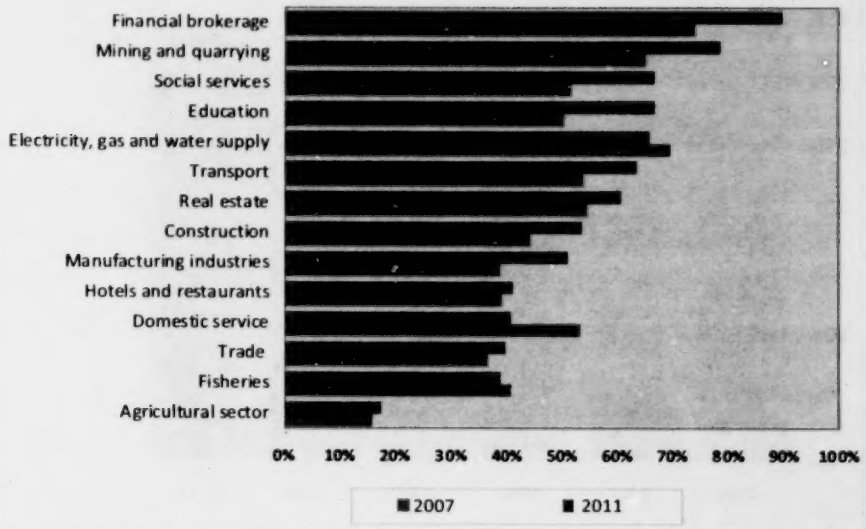
Figure II
Unemployment by ethnic self-identification



Source: National Statistics and Census Institute, National Urban Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

22. It is important to note that there have also been positive results in employment per economic sector. The rate of full employment rose in all sectors between 2007 and 2011 with the exception of the fisheries sector (which fell by 2 points), electricity and water supply (a 3.7 point drop) and domestic service (a 12.6 point drop). Such sectors as education, financial brokerage and manufacturing industries increased their rates of full employment by over 10 points.

Figure III
Unemployment between 2007 and 2011



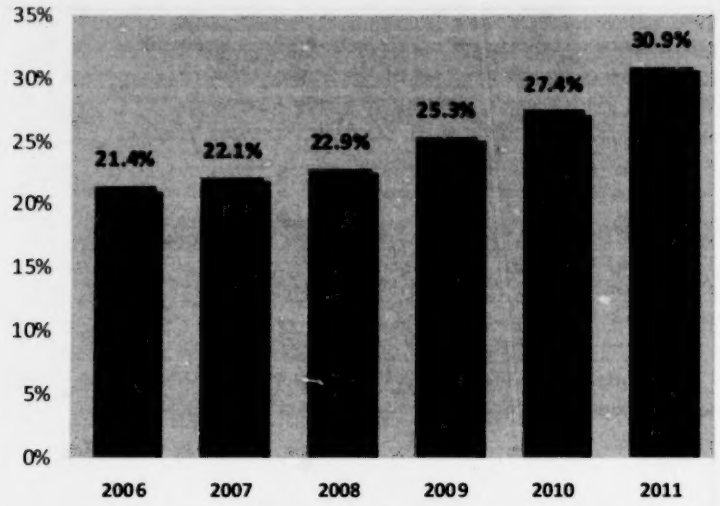
Source: National Statistics and Census Institute, National Urban Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

Decent wages and social security

23. Working conditions have improved significantly, with concrete and visible results. In accordance with the Constitution, outsourcing of jobs was made illegal (it led to the creation of jobs under precarious conditions); and monitoring of the observance of labour rights was strengthened, especially among the economically active population sectors that had historically been disadvantaged, such as household employees. Opportunities for advice and assistance in getting a job have also been established through the Jobs Partnership Network, which also aids in access to training for groups of job-seekers that have traditionally been marginalized. These organizations offer services to facilitate finding a job with decent working conditions, as well as assistance through programmes of economic and social inclusion, legal assistance, training, professional certification and medical guidance. As the private market does not make adequate provision for these services, they are covered by the State, which also takes advantage of lowered costs owing to economies of scale, with the ultimate goal of reducing the imbalances that cause inefficiencies in the labour market.

24. The results of these efforts can be seen in improvements in job quality. The real income of workers has increased to the point where the gap between the basket of basic products and the unified base salary has been substantially reduced. In December 2006, the cost of the basket of basic products represented 34.1 per cent of monthly family income, while in December 2011 it was 14.8 per cent. Social security coverage has increased significantly; the percentage of recipients of public social security benefits rose from 21.4 per cent in 2006 to 31 per cent in 2011.

Figure IV
Percentage of recipients of public social security benefits



Source: National Statistics and Census Institute, National Urban Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

25. Actions have been taken regarding wage policy which go beyond the legal minimum. In 2010, the national legal system adopted a standard decent minimum wage, which, under the law, is the amount that covers at least the basic necessities of a worker and his family.[2] The legal framework as implemented takes the application of the constitutional norm further and creates structural policies to guarantee labour rights. This statement may appear to be contradictory from the point of view of prevailing economic theory; it is, however, coherent if we accept that we are facing a market that has not managed to produce efficient results and which demands structural reforms. Systems like outsourcing of jobs, rather than streamlining the labour market and facilitating integration of workers, sever the link between wages and the productivity of a company as an organizational unit.

[2] Basic Law on Production, Trade and Investment, articles 8 to 10.

Child labour, transboundary labour rights and the acknowledgement of personal care work

Reproductive, domestic and personal care work

26. The acknowledgement that unremunerated care-giving and self-care work constitutes productive labour was a break with the past, marked in Ecuador's new 2008 Constitution. The constitutional mandate also stipulates that the State shall encourage shared responsibility and reciprocity among men and women in domestic work and family obligations. One achievement in this regard is the protection of women's labour rights, maternity leave, breastfeeding permission and paternity leave, which is now granted.

27. In 2010, the Dignity for Domestic Work Campaign was launched, disseminating information on the labour rights and obligations of employers and male and female domestic workers, in order to guarantee such fundamental labour rights as decent wages and social security. Monitoring campaigns were carried out to verify compliance with the rules and, when they were being broken, fines were imposed. As a result, the 2011 social security inscription rate for male and female domestic workers, 38.6 per cent, was above the national average, with a significant increase in coverage which had been below 15 per cent for the sector in 2006.

Manuela Espejo Solidarity Mission and Joaquín Gallegos Lara Assistance Coupons

28. An important milestone in public labour policy is the recognition by the State of personal care work, especially in the most demanding cases, for instance, care for persons with disabilities. In that regard, the Manuela Espejo Solidarity Mission, led by the Office of the Vice-President of Ecuador, is an initiative that has had a regional impact. It is one of the Government's most important programmes: an innovative process, it acknowledges the rights of persons with disabilities, their heightened profile and the role of the State, in addition to the provision of care for persons with disabilities. Once cases of disability had been identified across the country and georeferenced through a clinical and genetic bio-psychosocial study, more than 12,000 non-reimbursable monetary assistance coupons, known as Joaquín Gallegos Lara Assistance Coupons, were distributed under a system of shared responsibility to caregivers for persons with disabilities, prioritizing those with severe and profound disabilities, paying special attention to marginalized rural and urban areas.

Child labour

29. With regard to child labour, progress has been made towards the national goal of cutting the number of boys and girls between 8 and 15 years of age who work and do not attend school to 0.7 per cent. In 2008, that figure stood at 2.9 per cent. By 2011, it had fallen to 1.5 per cent.

30. The Government is implementing the Child Labour Eradication Project. To ensure its coordination and organization, an inter-agency political and technical committee on the eradication of child labour has been established, with the collaboration of several public, private, national and local institutions.

31. One of its first targets was child labour at waste dumps. By 2011, 2,160 girls, boys and adolescents had been taken out of this hazardous situation, with guarantees of access to, inter alia, education, health care and safe recreation programmes. None of them have returned to child labour and they have all had access to new opportunities to improve their quality of life.

32. A protocol has been established for future efforts to combat child labour in similar situations.[3]

Transboundary labour rights

33. Another historic and innovative achievement in the field of labour is the recognition of the transboundary labour rights of Ecuadorians. In 2011, the Republic of Ecuador and the Kingdom of Spain entered into an agreement concerning labour security, under which Ecuadorians enjoy social security benefits in Spain, and vice versa, with equal treatment.

Affirmative policies to eliminate workplace discrimination against persons with disabilities

34. By means of affirmative action in national legislation, the Government of Ecuador has encouraged workplace inclusion and compliance with the rights of disabled workers. Measures have also been taken in the public sector, where the principle of non-discrimination must be applied, by guaranteeing equal opportunities in the workplace through providing the necessary tools and other means to carry out the assigned tasks while recognizing workers' potential.

Structural enhancement of human talent

35. The State is ensuring the structural enhancement of human talent, as the basic raw material for knowledge management to maximize labour competitiveness, through national scholarship programmes that provide full financing for university and postgraduate level studies in the world's best universities.

Popular economy and solidarity in job creation

36. One facet of national public policy is recognition of the importance of the popular economy and solidarity in creating jobs.[4] The economic system has been viewed as apart from the social sphere and public policies have been bound by that philosophy. As a result, the inequities arising from the structure of the economic system have been dealt with through welfare-oriented measures, with no holistic vision of the structural characteristics of the economic system that is inexorably intertwined with the social dynamic, and vice versa.

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[3] *Source*: Ministry of Labour Relations.

[4] The social economic system of solidarity means the "set of social institutions that embody predominantly supportive values, norms and practices in forms of economic organization: public-State, entrepreneurial-private, popular and supportive, and their mixed forms; to ensure with equity, social efficiency, equality in diversity and justice, the production and broadening of the material foundations needed for the expanded reproduction of the life of all, with freedom of choice and including future generations and nature, within and from national territory" (Ministry of Economic and Social Inclusion, 2010).

37. The new Constitution breaks with the paradigm of the economic and social system, its composition and the role the State plays in it. Its public actions supported both consumption and redistribution and the means of production and distribution (Ministry of Coordination and Social Development, 2010). The Ecuadorian State, in an historic milestone that sets a precedent for the region, is acknowledging the different forms of economic organization as part of the economic system and makes people the subject and purpose of that system.

38. In that regard, recognizing the agents of the popular economy and the social economy and solidarity, who have historically been ignored by public policy (even marginalized and restricted), as a hidden part of the economic system, has highlighted their potential to become generators of wealth and equity. Beyond meeting the need for historic justice, the popular economy and solidarity constitute a strategic system to mitigate certain negative effects that industrialization can entail, including replacing manpower by machinery given the increase in the composition of capital, a concentration of production owing to high entry costs, and environmental impact. The very nature of the popular economy and solidarity produces a form of industrial development that can overcome such obstacles. Furthermore, solidarity does not attempt to profit from employment: market relationships are not based on the competitive conditions of the capitalist system but on the inclusion of people as an end in themselves, acknowledging the rights of nature.

39. Giving the economic system industrial characteristics and turning it into a service provider involves high demand for capital and specific capacities. Moving a traditionally primary economy towards an industrial and tertiary economy implies a trade-off in the allocation of resources within the production function, whose potential adjustment variable is employment. Against this background, the social economy and solidarity must be made a part of the strategy in this transition. Within solidarity systems the agents of production may become part of industrial and service processes; the impact of adjustment through employment is less that in market-centred systems, however, as a result of the system's own solidarity.

40. Such public policy mechanisms as the Agenda for the Revolution based on the Popular Economy and Solidarity establish specific policy guidelines and action strategies related to decent employment for the agents of the popular economy and solidarity. Where labour is concerned, the project included in the Agenda seeks to "generate conditions of labour stability for the agents of the popular economy and the popular economy and solidarity; dignify their work by eliminating job vulnerability; promote their access to social security benefits; and strengthen the abilities, skills, knowledge and capacities of workers in general through training and professionalization that will encourage the reversal of structural unemployment and lead to social cohesion in the form of supportive, cooperative, associative or community organization" (Ministry of Economic and Social Inclusion, 2010). Capacity-building programmes and projects have been established for the agents of the popular economy and solidarity, opportunities for exchanges, for example, inclusive fairs have been created; and access to the means of production, including, inter alia, access to financial resources, has been provided.

41. The recognition in public policy of the popular economy and solidarity as a job creator was a breakthrough both in terms of steps taken, with corresponding achievements in reducing unemployment, and in greater visibility for other agents of

society (including, inter alia, dignifying domestic work, recognition of unremunerated reproductive work and various forms of community work).

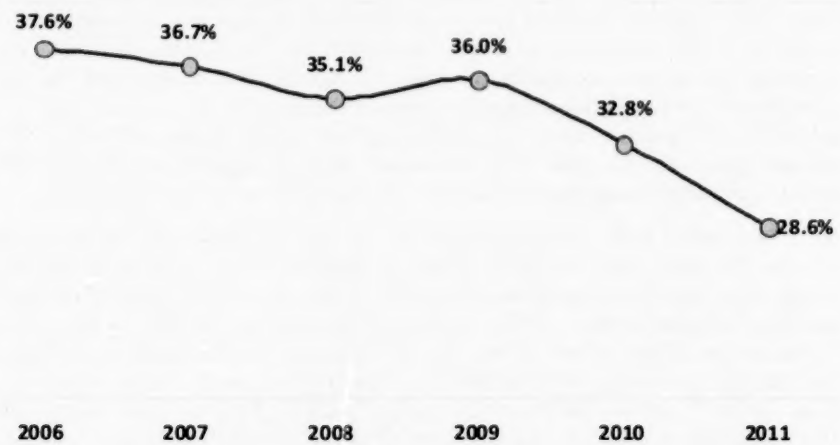
42. Training and preparation programmes in line with the productive priorities defined in sectoral agendas have been established within the framework of capacity- and opportunity-building for the agents of the popular economy and solidarity. Measures are also being taken to democratize the means of production, such as access to credit through the public banking sector.

The guarantee of labour rights as a poverty-reduction mechanism in Ecuador

43. The respect for such labour rights as access to a decent job and fair pay has brought about an improvement in opportunities for the people, and the results in terms of real income and poverty are positive. There have been significant reductions in poverty and inequality.

44. Between December 2006 and December 2011, there was a 9-point drop in national income poverty.[5] The drop was 8.6 points in urban areas and 9.7 points in rural areas.

Figure V
National income poverty rate



Source: National Statistics and Census Institute, National Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

45. All this progress has been achieved against the backdrop of strong economic growth in the region. According to the Economic Commission for Latin America and the Caribbean report entitled "Preliminary Overview of the Economies of Latin America and the Caribbean 2011", at 8 per cent, Ecuador had one of the highest real

[5] Income poverty includes those whose total per capita income is below the poverty line (for December 2011, the poverty line was $73).

GDP growth rates in Latin America in 2011. Moreover, the GDP growth rate in Ecuador was twice the average for the region, a better performance than the other Latin American and Caribbean economies after the 2009 international crisis.

46. One thing worth noting is the fact that this growth has been accompanied by a major reduction in inequality in the last five years. The Gini coefficient in December 2006 was 0.54, whereas by December 2011 it had fallen to 0.472.

47. The reduction in the concentration of income was backed by the redistribution of total per capita income by quintile between 2006 and 2011. The share of income in the richest quintile fell by 5.4 percentage points, whereas the change in share in the other quintiles grew.

48. Shrinking the gaps between urban and rural areas remains a challenge, especially where rural poverty is concerned. In December 2011, the urban poverty rate stood at 17.4 per cent, while it was 50.9 per cent in rural areas. The difference is obvious when comparing income. Average total per capita income in urban areas was twice that in rural areas.

Progress made in employment in the framework of the Millennium Development Goals and their relationship with the National Plan for Living Well

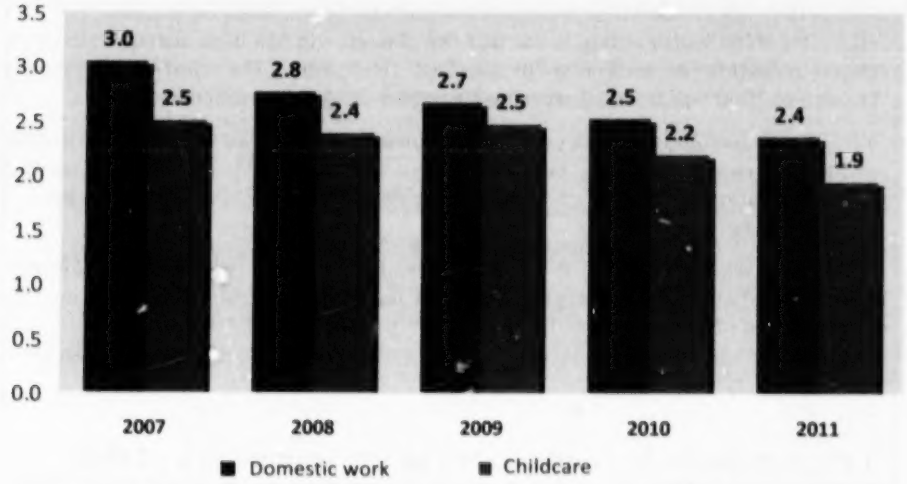
49. The national goals established in the National Plan for Living Well include aspects covered in the Millennium Development Goals and other development approaches, in order to respond to national specificities and needs. As a result, worldwide and regional efforts are in tune with national public policy efforts in various areas, including employment.

Decent employment and recognition of work for living well: challenges

50. The elimination of job insecurity is a constitutional mandate. Underemployment levels must be cut because it makes society vulnerable and undermines social cohesion. Although regulatory measures and positive action taken in recent years to guarantee labour rights have had positive results, the underemployment rate remains constant in some areas.

51. Challenges remain in reducing the income gap between men and women and in the division of the overall workload by gender.

Figure VI
Division of the overall workload by gender (average hours per week)



Source: National Statistics and Census Institute, National Employment, Unemployment and Underemployment Survey.
Prepared by: National Planning and Development Department.

52. Here it is worth pointing out that Ecuador has made efforts periodically to monitor the use of time and the statistics produced in order to follow up on the distribution of overall workload by gender.

53. The Constitution guarantees equal access to employment and equal pay and prohibits any discrimination against women in the workplace. An important challenge lies in consolidating progress in this regard and reducing the gap between the de jure and de facto situations. As regards income gaps by sex, progress has been made, but greater efforts are required. In 2007, the average income from employment received by women was 71 per cent of the average for men. In 2011, the average income from employment for women amounted to 78 per cent of the average received by men.

54. An important step taken related to the overall workload, especially where reproductive work is concerned, is the establishment of paternity leave in the Act on the Organization of the Civil Service.

55. Reducing job insecurity among the poorest population, both in terms of unemployment and underemployment, is a major challenge. Another lies in improving working conditions in the informal sector, through guaranteed social security, wages and salaries, safe working environments and other conditions that ensure decent employment in the informal sector.

56. Capacity-building for full social inclusion is not enough. A productive system is needed that creates good jobs. A major challenge for Ecuador involves the creation of a high-value-added production matrix that is not vulnerable to external shocks, and capable of reducing job insecurity. Programmes have been set up that support entrepreneurial innovation for job creation, including the following:

EmprendEcuador: Supports all dynamic entrepreneurial initiatives whose goal is to establish productive enterprises with a high potential for growth through innovation in products or services or technological advantage.

InnovaEcuador: Supports comprehensive projects that have an impact on enterprise or at the sectoral level, with the goal of promoting innovation to generate change that increases productivity and improves the national fabric for production by promoting enterprises and products that can compete on a global level and by supporting the transition from a primary national production pattern to a secondary one.

InvestEcuador: A system that promotes, attracts and supports private investment (local and foreign) that identifies, promotes, attracts, fosters and expands investment in Ecuador to transform and diversify its productive matrix.

Conclusions: achievements and challenges for decent work towards living well

57. The process begun five years ago by the Government has brought about major achievements, unquestionably reflected in the well-being of most Ecuadorians, as described below:

- Unemployment was kept at 5 per cent of the economically active population from 2007 to 2010. In 2011, it fell to 4.2 per cent, with an important recovery beginning in 2009, when against the backdrop of an international crisis, the unemployment rate reached levels of 6.5 per cent. December 2009 saw the highest national unemployment rate in the period under analysis (6.5 per cent) as a result of the international crisis. The cities of Guayaquil and Machala accounted for most of that peak, owing to their economies' relationship with the external sector, whereas cities with the greatest endogenous growth (Quito, Cuenca and Ambato) were able to mitigate the national unemployment rate.
- Underemployment fell from 59.8 per cent in 2007 to 54.7 per cent in 2011. The richest quintile of the population is benefiting from a significant drop in underemployment.
- Constitutional Mandate No. 8, which came into force in May 2008, prohibits outsourcing, hiring on an hourly basis, labour brokering and anything that makes employment more vulnerable. This has had a positive effect on the full employment rate, which rose from 34.9 per cent in June 2008 to 36.8 per cent in June 2011.
- Institutional reforms have helped to improve the quality of jobs, reflected in the increase in the number of workers affiliated with the social security system. Of all job categories, domestic work has seen major improvements in the quality of employment both because wages have been brought up to the level of the living wage and membership in the social security system has been made mandatory.

58. Nevertheless, there are some outstanding matters connected to the process which of course represent challenges to be met by the Government of Ecuador:

- The job insecurity of the poorest population must be reduced.

- Social security coverage must be extended to the underemployed and unemployed population.
- Differentiated policies must be applied to improve the employment levels and conditions in different categories of occupation and geographic areas, taking their individual characteristics and territorial particularities into account.

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- Ministry for the Coordination of Social Development (2010), *Social Agenda 2009-2011*, Ecuador.
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- Ministry of Economic and Social Inclusion (2010), "Agenda for the Revolution based on the Popular Economy and Solidarity", Ecuador.
- Ministry of Justice, Human Rights and Worship, "SIDERECHOS, system of information on the protection of human rights", Ecuador.
- National Planning and Development Department (2009), *National Plan for Living Well 2009-2013*, Ecuador.

Annex

Labour conventions ratified by Ecuador[a]

- Unemployment Convention, 1919: in force since 14 July 1921; ratified: 5 February 1962
- Right of Association (Agriculture) Convention, 1921: in force since 11 May 1923; ratified: 10 March 1969
- Sickness Insurance (Industry) Convention, 1927: in force since 15 July 1928; ratified: 5 February 1962; (Agriculture), 1927: in force since 15 July 1928; not ratified
- Minimum Wage-Fixing Machinery Convention, 1928: in force since 14 June 1930; ratified: 6 July 1954
- Forced Labour Convention, 1930: in force since 1 May 1932; ratified 6 July 1954
- Underground Work (Women) Convention, 1935: in force since 30 May 1937; ratified: 6 July 1954
- Medical Examination of Young Persons (Industry) Convention, 1946: in force since 29 December 1950; ratified: 18 July 1975
- Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946: in force since 29 December 1950; ratified: 26 August 1975
- Labour Inspection Convention, 1947: in force since 7 April 1950; ratified 26 August 1975
- Contracts of Employment (Indigenous Workers) Convention, 1947: in force since 13 February 1953; ratified 3 October 1969
- Freedom of Association and Protection of the Right to Organize Convention, 1948: in force since 4 July 1950; ratified 29 May 1967
- Employment Service Convention, 1948: in force since 10 August 1950; ratified 26 August 1975
- Protection of Wages Convention, 1949: in force since 24 September 1952; ratified 6 July 1954
- Migration for Employment Convention, 1949: in force since 22 January 1952; ratified 5 April 1978
- Right to Organize and Collective Bargaining Convention, 1949: in force since 18 July 1951; ratified 28 May 1959
- Equal Remuneration Convention, 1951: in force since 23 May 1953; ratified 11 March 1957

[a] *Source*: International Labour Organization. Adapted from http://webfusion.ilo.org/public/db/standards/normes/appl/appl-byCtry.cfm?lang=en&CTYCHOICE=0190.

- Holidays with Pay Convention, 1936: in force since 20 September 1939; not ratified; Convention revised 1970: in force since 30 June 1973; not ratified; (Agriculture) 1952: in force since 24 July 1954; ratified 3 October 1969; revised by Convention No. 132 but not ratified
- Maternity Protection Convention (Revised), 1952: in force since 7 September 1955; ratified: 5 February 1962; revised 2000 by Convention No. 183 but not ratified
- Abolition of Penal Sanctions (Indigenous Workers) Convention, 1955: in force since 7 June 1958; ratified 3 October 1969
- Abolition of Forced Labour Convention, 1957: in force since 17 January 1959; ratified 5 February 1962
- Weekly Rest (Industry) 1921: in force since 19 June 1923; not ratified; (Commerce and Offices) Convention, 1957: in force since 4 March 1959; ratified 3 October 1969
- Plantations Convention, 1958: in force since 22 January 1960; ratified 3 October 1969
- Discrimination Convention, 1958: in force since 15 June 1960; ratified 10 July 1962
- Radiation Protection Convention, 1960: in force since 17 June 1962; ratified 9 March 1970
- Social Policy (Basic Aims and Standards) Convention, 1962: in force since 23 April 1964; ratified 3 October 1969
- Equality of Treatment (Social Security) Convention, 1962: in force since 25 April 1964; ratified: 9 March 1970
- Employment Injury Benefits Convention, 1964: in force since 28 July 1967; ratified: 5 April 1978
- Employment Policy Convention, 1964: in force since 15 July 1966; ratified 13 November 1972
- Minimum Age (Underground Work) Convention, 1965: in force since 10 November 1967; ratified 10 March 1969
- Medical Examination of Young Persons (Underground Work) Convention, 1965: in force since 13 December 1967; ratified 10 March 1969
- Minimum Wage Fixing Convention, 1970: in force since 29 April 1972; ratified 2 December 1970
- Minimum Age Convention, 1973: in force since 19 June 1976; ratified 19 September 2000
- Occupational Cancer Convention, 1974: in force since 10 June 1976; ratified 27 March 1975
- Rural Workers' Organizations Convention, 1975: in force since 24 November 1977; ratified 26 October 1977

- Human Resources Development Convention, 1975: in force since 19 July 1977; ratified 26 October 1977
- Tripartite Consultation (International Labour Standards) Convention, 1976: in force since 16 May 1978; ratified 23 November 1979
- Working Environment Convention, 1977: in force since 11 July 1979; ratified 11 July 1978
- Nursing Personnel Convention, 1977: in force since 11 July 1979; ratified 11 July 1978
- Occupational Safety and Health (Dock Work) Convention, 1979: in force since 5 December 1981; ratified 20 May 1988
- Hours of Work and Rest Periods (Road Transport) Convention, 1979: in force since 10 February 1983; ratified 20 May 1988
- Vocational Rehabilitation and Employment Convention, 1983: in force since 20 June 1985; ratified 20 May 1988
- Asbestos Convention, 1986: in force since 16 June 1989; ratified 11 April 1990
- Indigenous and Tribal Peoples Convention, 1989: in force since 5 September 1991; ratified 15 May 1998
- Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999: in force since 19 November 2000; ratified 19 September 2000